

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 IO-13 AGR-05 AID-05 IGA-02

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FM AMEMBASSY VIENNA

TO SECSTATE WASHDC PRIORITY 9270

INFO AMEMBASSY KUWAIT

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E.O. 11652: N/A

TAGS: EAID, EFIN, EAGR, IFAD, OPEC, AU

SUBJECT: OPEC CONTRIBUTION TO IFAD

REF: (A) STATE 189670, (B) KUWAIT 3630

1. SUMMARY. CHARGE MADE CONTACT WITH SHIHATA AS REQUESTED
REF (A). SHIHATA IS DOUBTFUL ON POSSIBILITY OF GETTING
INDIVIDUAL OPEC COUNTRIES TO INCREASE CONTRIBUTIONS TO
IFAD AND FEELS BEST WAY TO BRIDGE FINANCING GAP IS TO
PUT PRESSURE ON "RICH" CATEGORY 3 COUNTRIES AND
ON THOSE OECD COUNTRIES WHICH THUS FAR HAVE NOT BEEN
VERY FORTHCOMING. END SUMMARY.

2. IN CALL ON SHIHATA AT OPEC HEADQUARTERS AUGUST 4,
CHARGE EMPHASIZED IMPORTANCE OF OPEC
FINANCE MINISTERS AVOIDING ANY PUBLIC POSITIONS
WHICH WOULD MAKE EFFORTS TO RESOLVE IFDA FINANCING
IMPASSE MORE DIFFICULT. CHARGE ALSO STRESSED NEED
FOR ADDITIONAL OPEC CONTRIBUTIONS ABOVE \$400 MILLION
FROM OPEC SPECIAL FUND TO MAINTAIN CONCEPT OF
"ROUGH PARITY" OF CATEGORY 1 AND CATEGORY 2
CONTRIBUTIONS.

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3. SHIHATA REPLIED THAT HE WOULD MAKE EVERY EFFORT

TO SEE THAT MINISTERS' PUBLIC STATEMENTS ON SUBJECT DID NOT COMPLICATE EFFORTS TO SOLVE FUNDING PROBLEMS. AT SAME TIME SHIHATA RULED OUT ANY POSSIBILITY THAT MINISTERS WOULD AGREE TO ADDITIONAL CONTRIBUTION FROM OPEC SPECIAL FUND. HE NOTED THAT \$800 MILLION CURRENTLY COMMITTED TO SPECIAL FUND HAD ALREADY BEEN FULLY ALLOCATED. SHIHATA REMARKED THAT HE WOULD PERSONALLY WELCOME SEPARATE CONTRIBUTIONS TO IFAD FROM INDIVIDUAL OPEC COUNTRIES BUT HE DOUBTED SERIOUSLY THAT ANY SUCH PLEDGES WOULD BE FORTHCOMING. SHIHATA OPINED THAT OPEC COUNTRIES WOULD BE RELUCTANT TO INCREASE THEIR CONTRIBUTIONS WHEN A NUMBER OF OECD COUNTRIES (HE SPECIFICALLY MENTIONED SWITZERLAND AND AUSTRALIA) HAD MADE VERY SMALL PLEDGES AND SEVERAL RELATIVELY RICH NON-OPEC LDC'S HAD NOT MADE ANY SIGNIFICANT CONVERTIBLE CURRENCY CONTRIBUTIONS. (IN THIS CONNECTION SHIHATA NOTED THAT CATEGORY 3 COUNTRIES SUCH AS MEXICO, BRAZIL, ARGENTINA, YUGOSLAVIA AND ROMANIA WERE IN BETTER FINANCIAL POSITION TO CONTRIBUTE TO IFDA THAN OPEC MEMBERS SUCH AS INDONESIA AND ECUADOR).

4. SHIHATA PREDICTED THAT SECRETARY GENERAL WALDHEIM'S CIRCULAR TELEGRAM ON BEHALF OF IFDA WOULD BE FILED AND FORGOTTEN. BEST WAY TO OVERCOME FINANCING GAP IN SHIHATA'S VIEW WOULD BE DIRECT CONTACTS BY US AND OTHERS AIMED AT OBTAINING NECESSARY FUNDS FROM LAGGING OECD MEMBERS AND CATEGORY 3 COUNTRIES. SHIHATA SAID THAT PERMITTING CATEGORY 3 CONTRIBUTIONS TO BE COUNTED TOWARD \$1 BILLION TARGET WOULD REPRESENT SOMETHING OF A CONCESSION BY OPEC WHICH HAD ORIGINALLY INSISTED ON STRICT SIX TO FOUR PROPORTIONALITY BETWEEN CATEGORY 1 AND 2 DONORS. SHIHATA SAID HE HAD PROPOSED INCLUDING CATEGORY 3 CONTRIBUTIONS IN THE 6 TO 4 RATIO AT ROME AND WOULD TRY TO GET OPEC FINANCE MINISTERS TO CONCUR IN THIS VIEW AT THEIR CURRENT MEETING. HE ADDED THAT HE HAD HAD NO INDICATIONS OF OPPOSITION ON THIS POINT.

5. COMMENT. SHIHATA APPEARED TO BE CANDID IN HIS LIMITED OFFICIAL USE

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ASSESSMENT OF THE PROBLEM, AND EAGER, AS WE ARE, TO FIND A WAY OUT OF CURRENT IMPASSE. SHIHATA SAID HE WILL NOW BE PERMANENTLY BASED IN VIENNA IN HIS CAPACITY AS DIRECTOR GENERAL OF THE OPEC SPECIAL FUND. HE OFFERED TO MEET WITH CHARGE AGAIN CONCERNING IFDA FOLLOWING THE FINANCE MINISTERS MEETING. MEEHAN

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